



3 August 2020

Mr. Abdul Hadi Arghandiwal
Acting Minister
Ministry of Finance

Mr. Mohammad Yamma Shams
Acting Minister
Ministry of Public Works

Avoiding Further Physical Displacement of Affected Households Prior to Completion of Compensation

Dear Mr. Arghandiwal and Mr. Shams:

We refer to ADB's letter of 1 June 2020 (Attachment 1), describing severe breaches of the ADB's Safeguards Policy Statement (SPS) 2009 which appear to have occurred on multiple road projects financed by ADB. In particular, we conveyed our recommendations to mitigate any possibility of additional physical displacement by immediately suspending ongoing civil works for two projects, namely (i) Grant 0422-AFG: Transport Network Development Investment Program Tranche 4, Baharak-Eshkashim Road, and (ii) Grant 0081-AFG: Road Network Development Project I (Bala Murghab to Leman Road Section 2).

A subsequent Third-Party Monitor (TPM) report as provided in Attachment 3 indicated a similar occurrence of physical displacement without prior compensation on the Yakawlang-Dari Suf Road.

ADB acknowledges the letter from the then Ministry of Transport (now Ministry of Public Works) dated 07 June 2020 (Attachment 2), *assuring that no civil works will be carried out at any LARP impacted sections of the ongoing projects for which ADB has not yet approved the corresponding LARP Compliance Reports*. ADB staff have had further discussions with MPW/PMO staff on 20 July 2020 and 28 July 2020 to confirm details. Through these exchanges, ADB understands that:

- a. Civil works under the Baharak-Eshkashim Project have not been entirely stopped, based on the justification that land compensation has been completed (but not resettlement compensation).
- b. Civil works on Qaisar – Laman Section 2 have been ongoing on vertical structures (e.g. bridge piles) on government-owned land.
- c. MPW is planning to resume civil works on the Yakawlang-Dari Suf Road, Bamyam section this week.

ADB conveys its concerns with this situation, as it leaves open the possibility of additional displacement before completion of compensation. ADB firmly requests that:

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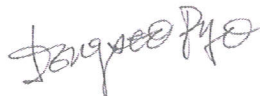
- a. The government immediately suspends all civil works under (i) Grant 0422-AFG: Transport Network Development Investment Program Tranche 4, BaharakEshkashim Road Project, and (ii) Grant 0081-AFG: Road Network Development Project I (Bala Murghab to Leman Section 2).
- b. The government avoids resumption of civil works on Yakawlang-Dari Suf Road, Bamyhan Section.


The above suspensions may please be firmly in place until the full compliance for each project is confirmed by ADB in the form of approval of the respective LARP Compliance Report, ascertaining the full implementation of the respective LARP.

As mutually confirmed between ADB and the government in the Tripartite Portfolio Review (TPR) meeting of 29 July 2020, the findings of the TPM reports demonstrated that the hitherto utilized "sectional approach", allowing civil works for sections where there are no LAR impacts within a project, has not been carried out as per the prescribed conditions. Due to the repeated occurrences of physical displacement before compensation, ADB is no longer in a position to grant such "sectional approach" for ongoing and future transport projects.

Please confirm in writing your acceptance of these recommendations by the latest 10 August 2020. ADB may otherwise be left with no choice but to declare a formal suspension of the respective grants; in such a scenario, no further withdrawals from the grant can be made.

Sincerely,



 Dong-Soo Pyo
Director
Transport and Communications Division
Central and West Asia Department

- Attachments:
1. ADB's letter on Recommendation to Consider Immediate Suspension of Civil Works on Baharak – Eshkashim, and Qaisar – Laman Section 2, dated 1 June 2020.
 2. MOT's letter on Re: Recommendation to Consider Immediate Suspension of Civil Works on Baharak – Eshkashim, and Qaisar – Laman Section 2, dated 7 June 2020.
 3. TPM Report - North South Corridor Road Project, Yakawlang to Dara-i-Suf

cc: Mr. Abdul Habib Zadrán, Deputy Minister, Ministry of Finance (MOF)
Mr. Mohammad Yamma Shams, Acting Minister, Ministry of Transport
Mr. Narendra Singru, Country Director, Afghanistan Resident Mission (AFRM), ADB
Mr. Bouadokpheng Chansavat, Unit Head, Portfolio Management, (AFRM), ADB